

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:FIP:B04

PLR-106101-07; PLR-154184-06

Date:

February 12, 2007

Taxpayer 1 =

Taxpayer 2 =

Dear

This is in response to the letter of November 17, 2006 from your authorized representative seeking a ruling that the contract issued by Taxpayer continues to qualify as an annuity contract under § 72 of the Internal Revenue Code and for purposes of Subchapter L of Chapter 1 of Subtitle A of the Code.

FACTS

On February 8, 2000, we issued a letter ruling that a group annuity contract issued to Taxpayer 1 constituted an annuity contract for purposes of § 72 and was held by Taxpayer 1 for a natural person within the meaning of § 72(u) (released as PLR 200018046). ¹ Taxpayers represent that the group annuity contract presently in force is substantially the same as that considered in PLR 200018046; the only changes being the addition of a separate account and modification of some contractual language, for example, language adding a miscreant rule, changing the timing of expense payments, modifying the consent rules, and addressing qualified domestic relations orders.

Taxpayer 1 and Taxpayer 2 represent that the group annuity contract that was the subject of PLR 200018046 was issued by Taxpayer 2 and that Taxpayer 2

computes its taxable income in the manner prescribed by Part I of Subchapter L. Taxpayer 1 and Taxpayer 2 represent that the number of certificate holders of the group annuity contract has increased from 100x at the time of PLR 200018046 to now exceed 200x.

RULING REQUESTED

Taxpayer 1 and Taxpayer 2 request a ruling that the group annuity contract continues to qualify as an annuity contract under § 72 and for purposes of Subchapter L.

LAW, ANALYSIS, AND RULING

The crux of Taxpayers' request is whether the holding of Rev. Rul. 2005-40, 2005-27 I.R.B. 4, affects the ruling of PLR 200018046.¹ Rev. Rul. 2005-40 concludes that the risk distribution required for an arrangement to constitute insurance for federal income tax purposes is absent if risks are not distributed among other insureds or policyholders.

Based on the representations of Taxpayer 1 and Taxpayer 2, we conclude that the group annuity contract continues to qualify as an annuity contract under § 72 and for purposes of Subchapter L.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to Taxpayers. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Forms 2848, Power of Attorney and Declaration of Representative, on file with this office, a copy of this letter is being sent to each Taxpayer and to each Taxpayer's authorized representatives.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, for a return(s) filed electronically this requirement is satisfied by attaching a statement to the return(s) that provides the date and control number of the letter ruling.

¹ See, e.g., § 11.04(5), Rev. Proc. 2006-1, 2006-1 I.R.B. 1, 49.

The rulings contained in this letter are based upon information and representations submitted by Taxpayers and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Associate Chief Counsel
(Financial Institutions & Products)

By: _____
Donald J. Drees, Jr.
Acting Chief
Branch 4